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COMMISSIONERS

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IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF AN
ELECTRIC SUPPLY AGREEMENT WITH
LUKE AIR FORCE BASE

DOCKET NO. E-01345A-06-0757

AMENDED APPLICATION OF
ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF A
COMMERCIAL ELECTRIC
SUPPLY/PURCHASE AGREEMENT
WITH LUKE AIR FORCE BASE

Arizona Public Service ("APS"), through undersigned counsel, hereby files an Amended Application for Approval of a Commercial Electric Supply/Purchase Agreement ("Agreement") with Luke Air Force Base ("Luke"). (The Agreement is attached hereto as Exhibit A).

On December 1, 2006, APS filed an Application for Approval of a Commercial Electric Supply/Purchase Agreement ("Initial Agreement") with Luke Air Force Base in anticipation of Luke's installation and operation of two separate photovoltaic ("PV") inverter systems (one 100 kW and one 225 kW for a total of 325 kW) on the load side of APS' two 12 kV metering and delivery point. APS and Luke proposed to interconnect their respective facilities and systems to facilitate Luke's operation of its PV systems for displacing electric power purchases from APS. Under the Initial Agreement, APS sought to allow service to Luke under proposed Rate Schedule E-57¹ prior to the Rate Schedule's final consideration in the pending APS rate case. Under the Initial Agreement, Luke agreed to take service in accordance with proposed Rate Schedule E-57 and acknowledged that the Arizona Corporation Commission ("Commission") may

¹ In Docket No. E-01345A-05-0816 (APS Rate Case), APS has proposed a Solar Partial Requirements Service Schedule, Schedule E-57, for approval in that docket.

1 have approved, rejected, or modified the terms and conditions of proposed Schedule E-
2 57. If E-57 were changed or modified by the Commission, Luke would have had the
3 option of taking service under E-57 as modified, or under any other applicable rate
4 schedule offered by APS.

5 On March 22, 2007, counsel for APS received a call from Staff counsel raising
6 concerns that the Initial Agreement was tied to a rate tariff (E-57) that was not yet
7 approved. Staff indicated that it would support a special contract that track the terms of
8 E-57, but could not support the Initial Agreement as filed.

9 Although APS believes that the Initial Agreement is an appropriate means to
10 authorize Luke to purchase power, at the urging of Staff, APS has prepared a separate
11 Agreement for the Commissions consideration, that includes a special Contract Rate, and
12 which deletes all references to E-57, but tracks its terms. APS does not have a
13 preference as to whether the Commission approves the Initial Agreement or the
14 Agreement attached to this amended Application. Luke has agreed to take service under
15 either.

16 Therefore, upon Staff's request, APS files this Amended Application to authorize
17 Luke to purchase power in accordance with the terms of the Agreement, including but
18 not limited to the Terms and Conditions for the Standard Offer and Direct Access
19 Services ("Schedule 1"), Energy Purchases from Qualified Cogeneration and Small
20 Power Production Facilities ("Schedule 2"), Guidelines for Electric Curtailment
21 ("Schedule 5"), the Standard APS Retail Rate Schedule E-34 and a proposed contract
22 rate for Luke Air Force Base ("Contract Rate"), as they may change from time to time.
23 (Schedules 1, 2, 5, E-34 and proposed Contract Rate is attached hereto as Exhibit B).


24 With Luke's authorization, APS is offering this Agreement for the Commission's
25 consideration to allow service to Luke under the proposed Contract Rate. Under the
26 terms of the Agreement, Luke agrees to take service in accordance with proposed
27 Contract Rate and acknowledges that the Commission may approve, reject, or modify
28 the terms and conditions of proposed Contract Rate. If the terms and conditions of

proposed Contract Rate are changed or modified by the Commission, Luke will have the option of taking service under the Contract Rate as modified, or under any other applicable rate schedule offered by APS. Luke remains willing to take service under the Initial Agreement as well.

APS believes it is in the public interest to approve the Agreement to allow Luke to use the proposed Contract Rate in conjunction with its solar electric generation.

RESPECTFULLY submitted this 27th day of March, 2007.

PINNACLE WEST CAPITAL CORP.
Law Department

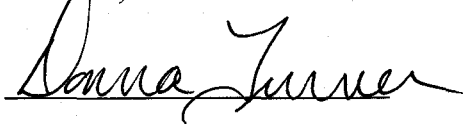
By: 
Thomas L. Mumaw
Attorneys for Arizona Public Service Company

SNELL & WILMER L.L.P.

By: 
Robert J. Metli

Original and 13 copies filed this
27 day of March, 2007, with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007



ARIZONA PUBLIC SERVICE COMPANY
COMMERCIAL ELECTRIC SUPPLY/PURCHASE AGREEMENT

1. PARTIES

This Agreement for the purchase of electric energy from and/or the sale of power to Customer's Generating Facility (GF) is entered into as of the 27th day of MARCH, 2007 by and between ARIZONA PUBLIC SERVICE COMPANY, an Arizona Corporation ("APS" or "Company") and LUKE AIR FORCE BASE, ("Customer"), collectively ("the Parties").

2. RECITALS

This Agreement is entered into in respect to the following facts and considerations, all of which are considered to be an essential part of the terms and conditions which follow:

- 2.1 Customer intends to operate its GF in electrical parallel with APS' distribution system and has entered into an Agreement for the Interconnection of Customer's Generation Facility to the APS Distribution System with APS ("Interconnection Agreement").
- 2.2 Customer's GF will consist of two photovoltaic system inverters with unit nameplate output ratings of 100 kW and 225 kW for a total nameplate output rating of 325 kW.
- 2.3 Customer desires to operate this GF in such a manner that Customer shall purchase its electrical power requirements from APS in accordance with the terms of this Agreement and attachments hereto. Customer does not intend to export or sell any excess energy back to APS.
- 2.4 APS and Customer intend to interconnect their respective facilities and systems in order that Customer may operate its GF under certain conditions for displacing electric power purchases from APS.
- 2.5 Electric purchase from APS shall be three phase, at approximately 60 Hertz, and at approximately 12,470 volts. APS provides electric service to the Customer via two separate primary feeders identified as LF1 and LF12 at its Luke Field Substation. Each feeder is equipped with a primary meter with the two meters totalized for billing purposes.
- 2.6 The GF shall be permanently located at Building BX at 7071 N. 138th Avenue, Glendale, AZ 85307.
- 2.7 APS and the General Services Administration are parties to an Areawide Service Agreement, dated November 13, 2003, pursuant to which APS has agreed to provide electric service to Federal offices and installations in the State of Arizona in accordance with the terms and conditions set forth therein. The Areawide Agreement contemplates that APS and the Federal Agency in question will execute an Exhibit A which provides for the services to be provided by APS and the terms and conditions pursuant to which they will be performed.

3. AGREEMENT

In consideration of the services to be performed by APS, and in consideration of the mutual agreements hereinafter, it is agreed as follows:

4. SALES TO CUSTOMER

- 4.1 APS shall sell, and Customer shall purchase and pay for, all electric power delivered and accepted by Customer in accordance with the terms of this Agreement, including but not limited to the Terms and Conditions for the Standard Offer and Direct Access Services ("Schedule 1") and the standard APS retail Rate Schedule E-34 and proposed Special Contract Rate for Luke Air Force Base ("Contract Rate"), as they may change from time to time. Changes made shall thereafter automatically amend and apply to this Agreement to the same extent as though they had been originally incorporated as a part of this Agreement. *Copies of the Contract Rate, Rate Schedules and Terms and Conditions now in effect are attached to and made a part of this Agreement.*
- 4.2 APS will file this agreement with the Arizona Corporation Commission ("ACC") to allow service under the Contract Rate. The Customer agrees to take service in accordance with proposed Contract Rate and acknowledges that the ACC may approve, reject, or modify the terms and conditions of proposed Contract Rate. If the terms and conditions of proposed Contract Rate are changed or modified, the Customer will have the option of taking service under the Contract Rate as modified, or under another applicable rate schedule offered by APS.
- 4.3 Billing and collection shall be made in accordance with Section 4 of APS Service Schedule 1.
- 4.4 The maximum electric service demand drawn by the Customer shall not exceed 13,893 kW, subject to the physical limitation of APS' system and further subject to the provisions of Section 4.6 hereof.
- 4.5 The minimum electric service demand contracted for under this Agreement and to be received by the Customer shall be 9,262 kW.
- 4.6 Customer agrees to provide APS with 30 days advance written notification of any increased electric demand over and above the maximum kW specified in Section 4.4, above, and shall be liable, upon demand by APS, to the extent of any damage resulting through its failure to give such notice.
- 4.7 The electric service supplied hereunder may be interrupted or curtailed in accordance with APS Service Schedule 5.

5. PURCHASES FROM CUSTOMER

Customer does not intend to export or sell any excess electric energy to APS, and no provisions will be installed to meter any excess energy that may flow into the APS system.

6. METERING PROVISIONS AND BILLING PERIODS

In accordance with Sections 3, 4.8 and 4.11 of APS Service Schedule 2

7. TERM OF AGREEMENT

This Agreement shall become effective once ACC approval is received ("Effective Date") and it is executed by both parties. This Agreement shall remain in effect for a period of (5) five years unless (a) it is terminated by mutual agreement of the Parties, (b) it is replaced by another electric supply/purchase agreement, (c) upon thirty (30) day's advance written notice given by either party, (d) it is terminated pursuant to Section 7 (Termination of Service) specified in Schedule 1 attached hereto, (e) the Interconnection Agreement is terminated, (f) as provided under the paragraph entitled "Termination Provision" in the attached Contract Rate.

8. ENTIRE AGREEMENT

8.1 This Agreement and the documents attached hereto constitute the entire Agreement between the Parties relating to the subject matter hereof, there being no other agreements or understandings, written or oral, other than those contained in this Agreement and the attachments hereto. In the event of a conflict among the provisions of this Agreement and an attached document, the Agreement shall govern. This Agreement does not modify, change or impact any other agreement between the Parties such as that relating to the interconnection of Customer's GF.

8.2 The Parties may amend this Agreement but such amendment may only be effective and enforceable if it is set forth in a written instrument signed by both Parties.

9. ACCELERATION

In addition to any other rights and remedies of APS, any breach or default by Customer necessitating cancellation of the Agreement shall cause all amounts for service, which are independent of kilowatt-hours delivered, to become immediately due and payable to APS.

10. SERVICE RENDERED UNDER SPECIAL AGREEMENT

In accordance with Section 5 of APS Service Schedule 2

11. REGULATORY AUTHORITY

In accordance with Section 6 of APS Service Schedule 2

12. INDEMNITY

In accordance with Section 7 of APS Service Schedule 2

13. UNCONTROLLABLE FORCES

In accordance with Section 8 of APS Service Schedule 2

14. NOTICES

All written notices pursuant to this Agreement shall be delivered personally or forwarded by registered or certified mail including express overnight courier service, postage prepaid, return receipt requested to APS or Customer, as the case may be, at the address of that Party set forth below as follows:

To APS:

Arizona Public Service
Attn: Bryan Gernet
Mail Station: 3108
P.O. Box 53933
Phoenix, AZ 85072-3933

Telephone: 602-371-6959

To Customer:

Alan Zero, Contracting Officer
56 th Contracting Squadron
14100 West Eagle Street
Luke AFB, AZ 85309-1217

Telephone: 623-856-9664

Changes in such designation may be made by notice similarly given.

15. CONFLICTS

In accordance with Section 10 of APS Service Schedule 2

16. SUCCESSORS AND ASSIGNS

In accordance with Section 11 of APS Service Schedule 2

17. DEPOSITS

In accordance with Section 2 of APS Service Schedule 1

18. GENERAL PROVISIONS

- 18.1 In the event that either party shall successfully bring suit to compel performance or for breach of this Agreement, that party shall be entitled to recover reasonable attorney's fees in addition to the amount of judgment and costs.
- 18.2 A waiver of any default of the other party or any other matter arising in connection with this Agreement, at any time by either party, shall not be construed a waiver of any subsequent default or matter.
- 18.3 THERE ARE NO UNDERSTANDINGS, AGREEMENTS, REPRESENTATIONS, OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING ANY WARRANTIES OR MERCHANT ABILITY OR FITNESS FOR A PARTICULAR PURPOSE), NOT

SPECIFIED IN THIS AGREEMENT, THE REFERENCED SCHEDULES, ANY OTHER REFERENCED OR ATTACHED DOCUMENTS, OR IN THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION CONCERNING THE SALE AND DELIVERY OF ELECTRICITY BY APS TO CUSTOMER. THIS AGREEMENT, INCLUDING THE REFERENCED SCHEDULES, ANY OTHER REFERENCED OR ATTACHED DOCUMENTS, AND THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION, STATES THE ENTIRE OBLIGATION OF APS IN CONNECTION WITH SUCH SALES AND DELIVERIES.

19. ATTACHMENTS

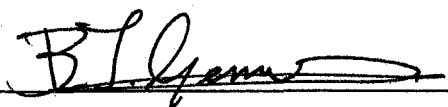
The following additional documents are attached to and made part of this Agreement:

- 19.1 Terms and Conditions for Standard Offer and Direct Access Services (Service Schedule 1)
- 19.2 Terms and Conditions for Energy Purchases from Qualified Cogeneration and Small Power Production Facilities (Service Schedule 2)
- 19.3 Guidelines for Electric Curtailment (Service Schedule 5)
- 19.4 APS Standard Retail Rate Schedule E-34
- 19.5 Special Contract Rate for Luke Air Force Base


20. EXECUTION

This Agreement has been executed by the duly authorized representatives of the parties, as set forth below:

ARIZONA PUBLIC SERVICE COMPANY

Signature: 
Name: BRYAN GERNET
Title: POWER QUALITY ENG.
Date Signed: 3/27/2007

LUKE AIR FORCE BASE

Signature: 
Name: ALAN J. ZERO
Title: CONTRACTING OFFICER
Date Signed: 27 MARCH 2007



SERVICE SCHEDULE 1
TERMS AND CONDITIONS FOR
STANDARD OFFER AND DIRECT ACCESS SERVICES

The following TERMS AND CONDITIONS and any changes authorized by law will apply to Standard Offer and Direct Access services made available by Arizona Public Service Company (Company), under the established rate or rates authorized by law and currently applicable at time of sale.

1. General

- 1.1 Services will be supplied in accordance with these Terms and Conditions and any changes required by law, and such applicable rate or rates as may from time to time be authorized by law. However, in the case of the customer whose service requirements are of unusual size or characteristics, additional or special contract arrangements may be required.
- 1.2 These Terms and Conditions shall be considered a part of all rate schedules, except where specifically changed by a written agreement.
- 1.3 In case of a conflict between any provision of a rate schedule and these Terms and Conditions, the provisions of the rate schedule shall apply.
- 1.4 Company will supply electric service at the standard voltages specified in the Electric Service Requirements Manual published by Company and is responsible for distribution services, emergency system conditions, outages and safety situations related to Company's distribution system.

2. Establishment of Service

- 2.1 Application for Service - Customers requesting service may be required to appear at Company's place of business to produce proof of identity and sign Company's standard form of application for service or a contract before service is supplied by Company.
 - 2.1.1 In the absence of a signed application or contract for service, the supplying of Standard Offer and/or Direct Access services by Company and acceptance thereof by the customer shall be deemed to constitute a service agreement by and between Company and the customer for delivery of, acceptance of, and payment for service, subject to Company's applicable rates and rules and regulations.
 - 2.1.2 Where service is requested by two or more individuals, Company shall have the right to collect the full amount owed Company from any one of the applicants.
 - 2.1.3 In mobile home parks identified by Company as being seasonal parks, Company may install or connect a meter as its scheduling permits; however, the customer will only be responsible for energy and demand recorded on and after their requested service turn on date.
- 2.2 Service Establishment Charge - A service establishment charge of \$25.00 for residential and \$35.00 non-residential plus any applicable tax adjustment will be assessed each time Company is requested to establish, reconnect or re-establish electric service to the customer's delivery point, or to make a special read without a disconnect and calculate a bill for a partial month. Billing for the service charge will be rendered as part of the service bill, but not later than the second service bill.

The service establishment charges above may be assessed when a customer changes their rate selection from Direct Access to Standard Offer.



SERVICE SCHEDULE 1
TERMS AND CONDITIONS FOR
STANDARD OFFER AND DIRECT ACCESS SERVICES

- 2.2.1 The customer may additionally be required to pay a trip charge of \$16.00 when an authorized Company representative travels to the customer's site and is unable to complete the customer's requested services due to lack of access to meter panel.
- 2.2.2 The customer may additionally be required to pay an after-hour charge of \$75.00 should the customer request service, as defined in A.A.C. R14-2-203.D.3, be established, reconnected, or re-established during a period other than regular working hours, or on the same day of their request, regardless of the time the order may be worked by Company.
- 2.2.3 The charge for Company work, requested by the customer to be worked after hours or on a Company holiday that does not meet the definition of A.A.C. R14-2-203.D.3 will be \$75.00 per hour.
- 2.3 Direct Access Service Request (DASR) - A Direct Access Service Request charge of \$10.00 plus any applicable tax adjustment will be assessed to the Electric Service Provider (ESP) submitting the DASR each time Company processes a Request (RQ) type DASR as specified in the Company's Schedule 10, Terms and Conditions for Direct Access.
- 2.4 Grounds for Refusal of Service - Company may refuse to connect or reconnect Standard Offer or Direct Access service if any of the following conditions exist:
 - 2.4.1 The applicant has an outstanding amount due with Company for the same class of service and is unwilling to make payment arrangements that are acceptable to Company.
 - 2.4.2 A condition exists which in Company's judgment is unsafe or hazardous.
 - 2.4.3 The applicant has failed to meet the security deposit requirements set forth by Company as specified under Section 2.6 hereof.
 - 2.4.4 The applicant is known to be in violation of Company's tariff.
 - 2.4.5 The applicant fails to furnish such funds, service, equipment, and/or rights-of-way or easements required to serve the applicant and which have been specified by Company as a condition for providing service.
 - 2.4.6 The applicant falsifies his or her identity for the purpose of obtaining service.
 - 2.4.7 Service is already being provided at the address for which the applicant is requesting service.
 - 2.4.8 Service is requested by an applicant and a prior customer living with the applicant owes a delinquent bill.
 - 2.4.9 The applicant is acting as an agent for a prior customer who is deriving benefits of the service and who owes a delinquent bill.
 - 2.4.10 The applicant has failed to obtain all required permits and/or inspections indicating that the applicant's facilities comply with local construction and safety codes.



SERVICE SCHEDULE 1
TERMS AND CONDITIONS FOR
STANDARD OFFER AND DIRECT ACCESS SERVICES

2.5 Establishment of Credit or Security Deposit

2.5.1 Residential Establishment of Credit - Company shall not require a security deposit from a new applicant for residential service if the applicant is able to meet any of the following requirements:

2.5.1.1 The applicant has had service of a comparable nature with Company within the past two (2) years and was not delinquent in payment more than twice during the last twelve (12) consecutive months or disconnected for nonpayment.

2.5.1.2 Company receives an acceptable credit rating, as determined by Company, for the applicant from a credit rating agency utilized by Company.

2.5.1.3 The applicant can produce a letter regarding credit or verification from an electric utility where service of a comparable nature was last received which states that the applicant had a timely payment history at the time of service discontinuation.

2.5.1.4 In lieu of a security deposit, Company receives deposit guarantee notification from a social or governmental agency acceptable to Company or a surety bond as security for Company in a sum equal to the required deposit.

2.5.2 Residential Establishment of Security Deposit - When credit cannot be established as provided for in Section 2.5.1 hereof or when it is determined that the applicant left an unpaid final bill owing to another utility company, the applicant will be required to:

2.5.2.1 Place a cash deposit to secure payment of bills for service as prescribed herein, or

2.5.2.2 Provide a surety bond acceptable to Company in an amount equal to the required security deposit.

2.5.3 Nonresidential Establishment of Security Deposit - All nonresidential customers may be required to:

2.5.3.1 Place a cash deposit to secure payment of bills for service as prescribed herein, or

2.5.3.2 Provide a non-cash security deposit in the form of a Surety Bond, Irrevocable Letter of Credit, or Assignment of Monies in an amount equal to the required security deposit.

2.6 Reestablishment of Security Deposit

2.6.1 Residential - Company may require a residential customer to establish or re-establish a security deposit if the customer becomes delinquent in the payment of two (2) or more bills within a twelve (12) consecutive month period or has been disconnected for non-payment during the last twelve (12) months.



SERVICE SCHEDULE 1
TERMS AND CONDITIONS FOR
STANDARD OFFER AND DIRECT ACCESS SERVICES

- 2.6.2 Nonresidential - Company may require a nonresidential customer to establish or re-establish a security deposit if the customer becomes delinquent in the payment of two (2) or more bills within a six (6) consecutive month period or if the customer has been disconnected for non-payment during the last twelve (12) months, or when the customer's financial condition may jeopardize the payment of their bill, as determined by Company based on the results of using a credit scoring worksheet. Company will inform all customers of the Arizona Corporation Commission's complaint process should the customer dispute the deposit based on the financial data.

2.7 Security Deposits

- 2.7.1 Company reserves the right to increase or decrease security deposit amounts applicable to the services being provided by the Company:
- 2.7.1.1 If the customer's average consumption increases by more than ten (10) percent for residential accounts within a twelve (12) consecutive month period and five (5) percent for nonresidential accounts within a twelve (12) consecutive month period; or,
- 2.7.1.2 If the customer chooses to change from Standard Offer to Direct Access services, the deposit may be decreased by an amount which reflects that portion of the customer's service being provided by a Load Serving ESP. However if the Load Serving ESP is providing ESP Consolidated Billing pursuant to Company's Schedule 10 Section 7, the entire deposit will be credited to the customer's account; or,
- 2.7.1.3 If the customer chooses to change from Direct Access to Standard Offer service, the requested deposit amount may be increased by an amount pursuant to Section 2.5, which reflects that APS is providing bundled electric service.
- 2.7.2 Separate security deposits may be required for each service location.
- 2.7.3 Customer security deposits shall not preclude Company from terminating an agreement for service or suspending service for any failure in the performance of customer obligation under the agreement for service.
- 2.7.4 Cash deposits held by Company six (6) months/183 days or longer shall earn interest at the established one year Treasury Constant Maturities rate, effective on the first business day of each year, as published on the Federal Reserve Website. Deposits on inactive accounts are applied to the final bill when all service options become inactive, and the balance, if any, is refunded to the customer of record within thirty (30) days. For refunds resulting from the customer changing from Standard Offer to Direct Access, the difference in the deposit amounts will be applied to the customer's account.
- 2.7.5 If the customer terminates all service with Company, the security deposit may be credited to the customer's final bill.
- 2.7.6 Residential security deposits shall not exceed two (2) times the customer's average monthly bill as estimated by Company for the services being provided by the Company.



SERVICE SCHEDULE 1
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- 2.7.6.1 Deposits or other instruments of credit will automatically expire or be returned or credited to the customers account after twelve (12) consecutive months of service, provided the customer has not been delinquent more than twice, unless Customer has filed bankruptcy in the last 12 months.
- 2.7.7 Nonresidential security deposits shall not exceed two and one-half (2-1/2) times the customer's maximum monthly billing as estimated by Company for the service being provided by the Company.
- 2.7.7.1 Deposits and non-cash deposits on file with Company will be reviewed after twenty-four (24) months of service and will be returned provided the customer has not been delinquent more than twice in the payment of bills or disconnected for non-payment during the previous twelve (12) consecutive months unless the customer's financial condition warrants extension of the security deposit.
- 2.8 Line Extensions - Installations requiring Company to extend its facilities in order to establish service will be made in accordance with Company's Schedule #3, Conditions Governing Extensions of Electric Distribution Lines and Services filed with the Arizona Corporation Commission.
3. Rates
- 3.1 Rate Information - Company shall provide, in accordance with A.A.C. R14-2-204, a copy of any rate schedule applicable to that customer for the requested type of service. In addition, Company shall notify its customers of any changes in Company tariffs affecting those customers.
- 3.2 Rate Selection - The customer's service characteristics and service requirements determine the selection of applicable rate schedule. If the customer is being served on a Standard Offer rate, Company will use reasonable care in initially establishing service to the customer under the most advantageous Standard Offer rate schedule applicable to the customer. However, because of varying customer usage patterns and other reasons beyond its reasonable knowledge or control, Company cannot guarantee that the most economic applicable rate will be applied. Company will not make any refunds in any instances where it is determined that the customer would have paid less for service had the customer been billed on an alternate applicable rate or provision of that rate.
- 3.3 Standard Offer Optional Rates - Certain optional Standard Offer rate schedules applicable to certain classes of service allow the customer the option to select the rate schedule to be effective initially or after service has been established. A customer desiring service under an alternate rate schedule after service has been established must make such request in writing to Company. Billing under the alternate rate will become effective from the next meter reading, or when the appropriate metering equipment is installed. No further rate schedule changes, however, may be made within the succeeding twelve-month period. Where the rate schedule or contract pursuant to which the customer is provided service specifies a term, the customer may not exercise its option to select an alternate rate schedule until expiration of that term.



SERVICE SCHEDULE 1
TERMS AND CONDITIONS FOR
STANDARD OFFER AND DIRECT ACCESS SERVICES

- 3.4 Direct Access rate selection will be effective upon the next meter read date if DASR is processed fifteen (15) calendar days prior to that read date and the appropriate metering equipment is in place. If a DASR is made less than fifteen (15) days prior to the next regular read date the effective date will be at the next meter read date thereafter. The above timeframes are applicable for customers changing their selection of Electric Service Providers or for customers returning to Standard Offer service.
- 3.5 Any customer making a Direct Access rate selection may return to Standard Offer service in accordance with the rules, regulations, and orders of the Commission. However, such customer will not be eligible for Direct Access for the succeeding twelve (12) month period. If a customer returning to Standard Offer, in accordance with the rules, regulations and orders of the Commission, was not given the required notification in accordance with the rules and regulations of the Commission by their Load Serving ESP of its intent to cease providing competitive services then the above provision will only apply if the customer fails to select another ESP within sixty (60) days of returning to Standard Offer.

4. Billing and Collection

- 4.1 Customer Service Installation and Billing - Service billing periods normally consist of approximately 30 days unless designated otherwise under rate schedules, through contractual agreement, or at Company option.
- 4.1.1 Company normally meters and bills each site separately; however, adjacent and contiguous sites not separated by private or public property or right of way and operated as one integral unit under the same name and as a part of the same business, will be considered a single site as specified in Company's Schedule 4, Totalized Metering of Multiple Service Entrance Sections at a Single Site for Standard Offer and Direct Access Service.
- 4.1.2 The customer's service installation will normally be arranged to accept only one type of service at one point of delivery to enable service measurement through one meter. If the customer requires more than one type of service, or total service cannot be measured through one meter according to Company's regular practice, separate meters will be used and separate billing rendered for the service measured by each meter.
- 4.2 Collection Policy - The following collection policy shall apply to all customer accounts:
- 4.2.1 All bills rendered by Company are due and payable no later than fifteen (15) days from the billing date. Any payment not received within this time frame shall be considered delinquent. All delinquent bills for which payment has not been received shall be subject to the provisions of Company's termination procedure. Company reserves the right to suspend or terminate the customer's service for non-payment of any Arizona Corporation Commission approved services. All delinquent charges will be subject to a late charge at the rate of eighteen percent (18%) per annum.



SERVICE SCHEDULE 1
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4.2.2 If the customer, as defined in A.A.C. R 14-2-201.9, has two or more services with Company and one or more of such services is terminated for any reason leaving an outstanding bill and the customer is unwilling to make payment arrangements that are acceptable to Company, Company shall be entitled to transfer the balance due on the terminated service to any other active account of the customer for the same class of service. The failure of the customer to pay the active account shall result in the suspension or termination of service thereunder.

4.2.3 Unpaid charges incurred prior to the customer selecting Direct Access will not delay the customer's request for Direct Access. These charges remain the responsibility of the customer to pay. Normal collection activity, including discontinuing service, may be followed for failure to pay.

4.3 Responsibility for Payment of Bills

4.3.1 The customer is responsible for the payment of bills until service is ordered discontinued and Company has had reasonable time to secure a final meter reading for those services involving energy usage, or if non-metered services are involved until the Company has had reasonable time to process the disconnect request.

4.3.2 When an error is found to exist in the billing rendered to the customer, Company will correct such an error to recover or refund the difference between the original billing and the correct billing. Such adjusted billings will not be rendered for periods in excess of the applicable statute of limitations from the date the error is discovered. Any refunds to customers resulting from overbillings will be made promptly upon discovery by Company. Underbillings by Company shall be billed to the customer who shall be given an equal length of time such as number of months underbilled to pay the backbill without late payment penalties, unless there is evidence of meter tampering or energy diversion. Except in situations where the account is billed on a special contract or non-metered rate, where service has been established but no bills have been rendered, or where there is evidence of meter tampering or energy diversion, underbillings for residential accounts shall be limited to three (3) months and non-residential accounts shall be limited to six (6) months.

4.3.3 Where Company is responsible for rendering the customer's bill, Company may provide a one time incentive of up to \$10.00 per customer to customers who elect to pay their bills using Company's electronically transmitted payment options.

4.3.4 Where Company is responsible for rendering the customer's bill, Company may provide a one time incentive of \$5.00 per customer for a customer electing to forego the presentation of a paper bill.

4.4 Dishonored Payments - If Company is notified by the customer's financial institution that they will not honor a payment tendered by the customer for payment of any bill, Company may require the customer to make payment in cash, by money order, certified check, or other means which guarantee the customer's payment to Company.

4.4.1 The customer shall be charged a fee of \$15.00 for each instance where the customer tenders payment of a bill with a payment that is not honored by the customer's financial institution.



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- 4.4.2 The tender of a dishonored payment shall in no way (i) relieve the customer of the obligation to render payment to Company under the original terms of the bill, or (ii) defer Company's right to terminate service for nonpayment of bills.
- 4.4.3 Where the customer has tendered two (2) or more dishonored payments in the past twelve (12) consecutive months, Company may require the customer to make payment in cash, money order or cashier's check for the next twelve (12) consecutive months.
- 4.5 Field Call Charge - Company may require payment of a Field Call Charge of \$15.00 when an authorized Company representative travels to the customer's site to accept payment of a delinquent account, notify of service termination, make payment arrangements or terminate the service. This charge will only be applied for field calls resulting from the termination process.
- 4.5.1 If a termination is required at the pole, a reconnection charge of \$96.50 will be required; if the termination is in underground equipment, the reconnection charge will be \$115.00.
- 4.5.2 To avoid termination of service, the customer may make payment in full, including any necessary deposit in accordance with Section 2.5 hereof or make payment arrangements satisfactory to Company.
- 4.6 On-site Evaluation - Company may require payment of an On-site Evaluation Charge of \$82.00 when an authorized Company field investigator performs an on-site visit to evaluate how the customer may reduce their energy usage. This charge may be assessed regardless of if the customer actually implements Company suggestions.
5. Service Responsibilities of Company and Customer
- 5.1 Service Voltage - Company will deliver electric service at the standard voltages specified in the Electric Service Requirements Manual published by Company and as specified in A.A.C. R14-2-208.F.
- 5.2 Responsibility: Use of Service or Apparatus
- 5.2.1 The customer shall save Company harmless from and against all claims for injury or damage to persons or property occasioned by or in any way resulting from the services being provided by Company or the use thereof on the customer's side of the point of delivery. Company shall have the right to suspend or terminate service in the event Company should learn of service use by the customer under hazardous conditions.
- 5.2.2 The customer shall exercise all reasonable care to prevent loss or damage to Company property installed on the customer's site for the purpose of supplying service to the customer.
- 5.2.3 The customer shall be responsible for payment for loss or damage to Company property on the customer's site arising from neglect, carelessness or misuse and shall reimburse Company for the cost of necessary repairs or replacements.
- 5.2.4 The customer shall be responsible for payment for any equipment damage and/or estimated unmetered usage resulting from unauthorized breaking of seals, interfering with, tampering with, or by-passing the meter.



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5.2.5 The customer shall be responsible for notifying Company of any failure in Company's equipment.

5.3 Service Interruptions: Limitations on Liability of Company

5.3.1 Company shall not be liable to the customer for any damages occasioned by Load Serving ESP's equipment or failure to perform, fluctuations, interruptions or curtailment of electric service except where due to Company's willful misconduct or gross negligence. Company may, without incurring any liability therefore, suspend the customer's electric service for periods reasonably required to permit Company to accomplish repairs to or changes in any of Company's facilities. The customer needs to protect their own sensitive equipment from harm caused by variations or interruptions in power supply.

5.3.2 In the event of a national emergency or local disaster resulting in disruption of normal service, Company may, in the public interest and on behalf of Electric Service Providers or Company, interrupt service to other customers to provide necessary service to civil defense or other emergency service agencies on a temporary basis until normal service to these agencies can be restored.

5.4 Company Access to Customer Sites - Company's authorized agents shall have unassisted access to the customer's sites at all reasonable hours to install, inspect, read, repair or remove its meters or to install, operate or maintain other Company property, or to inspect and determine the connected electrical load. If, after six (6) months (not necessarily consecutive) of good faith efforts by Company to deal with the customer, Company in its opinion does not have unassisted access to the meter, then Company shall have sufficient cause for termination of service or denial of any existing rate options where access is required. The remedy for unassisted access will be at Company discretion and may include the installation by Company of a specialized meter. If such specialized meter is installed, the customer will be billed the difference between the otherwise applicable meter for their rate and the specialized meter. If service is terminated as a result of failure to provide unassisted access, Company verification of unassisted access may be required before service is restored. Written termination notice is required prior to disconnecting service under this schedule.

5.5 Easements

5.5.1 All suitable easements or rights-of-way required by Company for any portion of the extension which is on sites owned, leased or otherwise controlled by the customer shall be furnished in Company's name by the customer without cost to Company and in reasonable time to meet proposed service requirements. All easements or rights-of-way obtained on behalf of Company shall contain such terms and conditions as are acceptable to Company.

5.5.2 When Company discovers that the customer or the customer's agent is performing work, has constructed facilities, or has allowed vegetation to grow adjacent to or within an easement or right-of-way or Company-owned equipment, and such work, construction, vegetation or facility poses a hazard or is in violation of federal, state, or local laws, ordinances, statutes, rules or regulations, or significantly interferes with Company's safe use, operation or maintenance of, or access to, equipment or facilities, Company shall notify the customer or the customer's agent and shall take whatever actions are necessary to eliminate the hazard, obstruction, interference or violation at the customer's expense. Company will notify the customer in writing of the violations.



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- 5.6 Load Characteristics – The customer shall exercise reasonable care to assure that the electrical characteristics of its load, such as deviation from sine wave form (a minimum standard is IEEE 519) or unusual short interval fluctuations in demand, shall not impair service to other customers or interfere with operation of telephone, television, or other communication facilities. The deviation from phase balance shall not be greater than ten percent (10%) at any time. Customers receiving service at voltage levels below 69 kV shall maintain a power factor of 90% lagging but in no event leading unless agreed to by Company. In situations where Company suspects that a customer's load has a non-conforming power factor, Company may install at its cost the appropriate metering to monitor such loads. If the customer's power factor is found to be non-conforming, the customer will be required to pay the cost of installation and removal of VAR metering and recording equipment.

Customers found to have a power factor of less than 90%, or leading, or other detrimental conditions shall be required to remedy problems in order to achieve a power factor in conformance with above standards, or pay for facilities/equipment that Company must install on its system to correct for problems caused by the customer's load. Until such time as the customer remedies the problem, kVa may be substituted for kW in determining the applicable charge for billing purposes for each month in which such failure occurs.

6. Metering and Metering Equipment

- 6.1 Customer Equipment - The customer shall install and maintain all wiring and equipment beyond the point of delivery. Except for Company's meters and special equipment, the customer's entire installation must conform to all applicable construction standards and safety codes and the customer must furnish an inspection or permit if required by law or by Company.

6.1.1 The customer shall provide, in accordance with Company's current service standards and/or Electric Service Requirements Manual, at no expense to Company, and close to the point of delivery, a sufficient and suitable space acceptable to Company's agent for the installation, accessibility and maintenance of Company's metering equipment. A current version of the Electric Service Requirements Manual is available on-line at <http://esp.apsc.com/resource/metering>.

6.1.2 If telephone lines or any other devices are required to read the customer's meter, the customer is responsible for the installation, maintenance, and usage fees at no cost to Company.

6.1.3 Where a customer requests, and Company approves, a special meter reading device to accommodate the customer's needs, the cost for such additional equipment shall be the responsibility of the customer.

6.2 Company Equipment

- 6.2.1 A Meter Service Provider (MSP) or its authorized agents may remove Company's metering equipment pursuant to Company's Schedule 10. Meters not returned to Company or returned damaged will be charged the replacement costs less five (5) years depreciation plus an administration fee of fifteen percent (15%).



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6.2.2 Company will lease lock ring keys to MSP's and/or their agents authorized to remove Company meters pursuant to the terms and conditions of Company's Schedule 10 at a refundable charge of \$70.00 per key. The charge will not be refunded if a key is lost, stolen, or damaged. If Company must replace ten percent (10%) of the issued keys within any twelve (12) month period due to loss by the MSP's agent, Company may, rather than leasing additional lock ring keys, require the MSP to arrange for a joint meeting. All lock ring keys must be returned to Company within five (5) working days if the MSP and/or its authorized agents are:

- 1) No longer permitted to remove Company meters pursuant to conditions of the Company's Schedule 10;
- 2) No longer authorized by the Arizona Corporation Commission to provide services; or
- 3) The ESP Agreement has been terminated.

6.2.3 If the MSP, the customer, and/or its' agent request a joint site meeting for removal of Company metering and associated equipment and/or lock ring, a base charge will be assessed of \$62.00 per site. Company may assess an additional charge of \$53.00 per hour for joint site meetings that exceed thirty (30) minutes. In the event Company must temporarily replace the MSP's meter and/or associated metering equipment as necessary during emergency situations or to restore power to a customer, the above charges may apply.

6.3 Service Connections - Company is not required to install and maintain any lines and equipment on the customer's side of the point of delivery except its meter. For overhead service, the point of delivery shall be where Company's service conductors terminate at the customer's weatherhead or bus rider. For underground service, the point of delivery shall be where Company's service conductors terminate in the customer's service equipment. The customer shall furnish, install and maintain any risers, raceways and/or termination cabinet necessary for the installation of Company's underground service conductors. For the mutual protection of the customer and Company, only authorized employees or agents of Company or the Load Serving ESP are permitted to make and energize the connection between Company's service wires and the customer's service entrance conductors. Such employees carry credentials which they will show on request.

6.4 Measuring Customer Service - All the energy sold to the customer will be measured by commercially acceptable measuring devices by Company or the Meter Reading Service Provider (MRSP) pursuant to the terms and conditions of Company's Schedule 10. Where it is impractical to meter loads, such as street lighting, security lighting, or special installations, consumption will be determined by Company.

6.4.1 For Standard Offer customers, or where Company is the MRSP, the readings of the meter will be conclusive as to the amount of electric power supplied to the customer unless there is evidence of meter tampering or energy diversion, or unless a test reveals the meter is in error by more than plus or minus three percent (3%).

6.4.2 If there is evidence of meter tampering or energy diversion, the customer will be billed for the estimated energy consumption that would have registered had all energy usage been properly metered. Additionally, where there is evidence of meter tampering, energy diversion, or by-passing the meter, the customer may also be charged the cost of the investigation as determined by Company.



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- 6.4.3 If after testing, a meter is found to be more than three percent (3%) in error, either fast or slow, proper correction shall be made of previous readings and adjusted bills shall be rendered or adjusted billing information will be provided to the MRSP.
- 6.4.4 Customer will be billed for the estimated energy and demand that would have registered had the meter been operating properly. Where Company is the MRSP, Company shall, at the request of the customer or the ESP, reread the customer's meter within ten (10) working days after such request by the customer. The cost of such rereads is \$16.50 and may be charged to the customer or the ESP, provided that the original reading was not in error.
- 6.4.5 Where the ESP is the MSP or MRSP, and the ESP and/or its' agent fails to provide the meter data to Company pursuant to Company's Schedule 10 Section 8.16, Meter Reading Data Obligations, Company may obtain the data, or may estimate the billing determinants. The charge for such reread is \$16.50 and may be charged to the ESP.
- 6.5 Meter Testing - Company tests its meters regularly in accordance with a meter testing and maintenance program as approved by the Arizona Corporation Commission. Company will, however, individually test a Company owned/maintained meter upon customer or ESP request. If the meter is found to be within the plus or minus three percent (3%) limit, Company may charge the customer or the ESP \$30.00 for the meter test if the meter is removed from the site and tested in the meter shop, and \$50.00 if the meter remains on site and is tested in the field.
- 6.6 Master Metering
- 6.6.1 Mobile Home Parks - Company shall refuse service to all new construction and/or expansion of existing permanent residential mobile home parks unless the construction and/or expansion is individually metered by Company.
- 6.6.2 Residential Apartment Complexes, Condominiums and Other Multiunit Residential Buildings - Company shall refuse service to all new construction of apartment complexes and condominiums which are master metered unless the building(s) will be served by a centralized heating, ventilation and/or air conditioning system and the contractor can provide to Company an analysis demonstrating that the central unit will result in a favorable cost/benefit relationship as stated in A.A.C. R14-2-205.
7. Termination of Service
- 7.1 With Notice - Company may without liability for injury or damage, and without making a personal visit to the site, disconnect service to any customer for any of the reasons stated below, provided Company has met the notice requirements established by the Arizona Corporation Commission:
- 7.1.1 A customer violation of any of the applicable rules of the Arizona Corporation Commission or Company tariffs.
- 7.1.2 Failure of the customer to pay a delinquent bill for services provided by Company.
- 7.1.3 The customer's breach of a written contract for service.
- 7.1.4 Failure of the customer to comply with Company's deposit requirements.



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- 7.1.5 Failure of the customer to provide Company with satisfactory and unassisted access to Company's equipment.
- 7.1.6 When necessary to comply with an order of any governmental agency having jurisdiction.
- 7.1.7 Failure of a prior customer to pay a delinquent bill for utility services where the prior customer continues to reside on the premises.
- 7.1.8 Failure to provide or retain rights-of-way or easements necessary to serve the customer.
- 7.2 Without Notice - Company may without liability for injury or damage disconnect service to any customer without advance notice under any of the following conditions:
- 7.2.1 The existence of an obvious hazard to the health or safety of persons or property.
- 7.2.2 Company has evidence of meter tampering or fraud.
- 7.2.3 Company has evidence of unauthorized resale or use of electric service.
- 7.2.4 Failure of the customer to comply with the curtailment procedures imposed by Company during a supply shortage.
- 7.3 Restoration of Service - Company shall not be required to restore service until the conditions which resulted in the termination have been corrected to the satisfaction of Company.
8. Removal of Facilities - Upon termination of service, Company may without liability for injury or damage, dismantle and remove its facilities installed for the purpose of supplying service to the customer, and Company shall be under no further obligation to serve the customer. If, however, Company has not removed its facilities within one (1) year after the termination of service, Company shall thereafter give the customer thirty (30) days written notice before removing its facilities, or else waive any reestablishment charge within the next year for the same service to the same customer at the same location.
- For purposes of this Section notice to the customer shall be deemed given at the time such notice is deposited in the U.S. Postal Service, first class mail, postage prepaid, to the customer at his/her last known address.
9. Successors and Assigns - Agreements for Service shall be binding upon and for the benefit of the successors and assigns of the customer and Company, but no assignments by the customer shall be effective until the customer's assignee agrees in writing to be bound and until such assignment is accepted in writing by Company.
10. Warranty - THERE ARE NO UNDERSTANDINGS, AGREEMENTS, REPRESENTATIONS, OR WARRANTIES, EXPRESS OR IMPLIED (INCLUDING WARRANTIES REGARDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), NOT SPECIFIED HEREIN OR IN THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION CONCERNING THE SALE AND DELIVERY OF SERVICES BY COMPANY TO THE CUSTOMER. THESE TERMS AND CONDITIONS AND THE APPLICABLE RULES OF THE ARIZONA CORPORATION COMMISSION STATE THE ENTIRE OBLIGATION OF COMPANY IN CONNECTION WITH SUCH SALES AND DELIVERIES.



SERVICE SCHEDULE 2
TERMS AND CONDITIONS FOR ENERGY PURCHASES
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PRODUCTION FACILITIES

The following TERMS AND CONDITIONS and any changes authorized by law, regulation, rule or order of applicable governmental authority will apply to the purchase of electric energy under the established rate or rates authorized by law and currently applicable at time of purchase; and these TERMS AND CONDITIONS shall be considered a part of all of Company's rate schedules for purchases except where specifically changed by written agreement.

1. DEFINITIONS

- 1.1 Point Of Interconnection - The point where Company's service conductors are connected to Customer's service conductors.
- 1.2 Qualifying Facility (QF) - Any cogeneration or small power production facility that meets the criteria for size, fuel use, efficiency, and ownership as promulgated in 18 CFR, Chapter I, Part 292, Subpart B of the Federal Energy Regulatory Commission's Regulations.
- 1.3 Purchase Agreement - The agreement entered into between Customer and Company detailing the provisions for the purchase of electric energy by Company from Customer's QF, and the sale, if any, of power by Company to Customer.
- 1.4 Cogeneration Facility - Any facility that sequentially produces electricity, steam or forms of useful energy (e.g., heat) from the same fuel source and which are used for industrial, commercial, heating, or cooling purposes.
- 1.5 Small Power Production Facility - A facility that uses primarily biomass, waste, or renewable resources, including wind, solar, and water to produce electric power.

2. CUSTOMER'S OBLIGATIONS

- 2.1 Customer agrees not to commence interconnected operation of its QF with Company's system, until the installation has been inspected by an authorized Company representative and final written approval is received from Company to commence interconnected operation. Customer shall give reasonable notice to Company when initial startup is to begin. Company shall have the right to have a representative present during initial energizing and testing of Customer's system.
- 2.2 Customer shall own and be fully responsible for the costs of designing, installing, operating and maintaining:
 - 2.2.1 The QF in accordance with the requirements of all applicable electric codes, laws and governmental agencies having jurisdiction.
 - 2.2.2 Control and protective devices to protect its facilities from abnormal operating conditions such as, but not limited to, electrical overloading, abnormal voltages, and fault currents. Such protective devices shall promptly disconnect the QF from Company's system in the event of a power outage on Company's system.



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- 2.2.3 A gang operated load break disconnect switch, capable of being locked in a visibly open position that will completely isolate the QF from Company's system. Such disconnect switch shall be installed in a place easily accessible to Company's personnel. Company shall have the right to lock open the disconnect switch without notice to Customer when interconnected operation of the QF with Company's system could adversely affect Company's system or endanger life or property.
- 2.2.4 Interconnection facilities on Customer's premises as may be required to deliver power from Customer's QF to Company's system at the agreed Point Of Interconnection.
- 2.3 Electric sales to Company must be single or three phase, 60 Hertz, at one standard voltage (12,500; 2400/4160; 480; 277/480; 120/240 or 120/208 volts as may be selected by Customer subject to availability at the premises). Customer's facilities shall also maintain a minimum ninety percent (90%) leading to ninety percent (90%) lagging power factor as measured at the Point Of Interconnection.
- 2.4 The electrical output of Customer's QF shall not contain harmonic content which may cause disturbances on or damage to Company's electrical system, or other party's systems, such as but not limited to communication systems.
- 2.5 Customer shall operate and maintain the QF in accordance with those practices and methods, as they are changed from time-to-time, that are commonly used in prudent engineering and electric utility operations and shall operate the QF lawfully and in a safe, dependable and efficient manner.
- 2.6 Customer shall submit to Company written equipment specifications and detailed plans to Company for the installation and operations of its QF, interconnection facilities, control and protective devices and facilities to accommodate Company's meter(s) for review and advance written approval prior to their actual installation. After Company's approval Customer shall not change or modify equipment specifications, plans, control and protective devices, metering and in general the QF's system configuration. If Customer desires to make such changes or modifications, Customer shall resubmit to Company plans describing said changes or modifications for approval by Company. No such change or modification may be made without the prior written approval of Company.
- 2.7 In the event it is necessary for Company to install interconnection facilities on its system (including, but not limited to control or protective devices, or any other facilities) in order to receive or continue to receive or to deliver electric power under the terms of the Purchase Agreement, Company shall inform Customer of the cost thereof in advance of incurring the costs of such facilities and Customer shall reimburse Company for the costs incurred by Company in connection with such facilities to the extent that said costs exceed those normally incurred by Company with respect to those customers which it serves who do not have self generation facilities.
- 2.8 If Customer utilizes the Company's system to facilitate start-up of its QF, the voltage flicker level shall not exceed Company standards.



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3. METERING PROVISIONS

- 3.1 Customer shall provide and install at no expense to Company, and in accordance with Company's service standards, meter sockets and metering cabinets in a suitable location to be determined by Company's representatives.
- 3.2 Company shall furnish, own, install and maintain all meters that register the sales of power to, and the purchases of energy from Customer. The responsibility for the costs of providing and maintaining the required meters shall be as outlined in the applicable Rate for Purchase, or as specified in the Purchase Agreement.
- 3.3 The readings of all said meters will be conclusive as to the amount of electric power and energy supplied to the QF and/or purchased by Company unless, upon test, the meters are found to be in error by more than three percent (3%). The expense of any meter test requested by Customer will be borne by Customer unless such test shows the meter(s) to be in error by more than three percent (3%).

4. MUTUAL UNDERSTANDINGS

- 4.1 Company shall be allowed to install on Customer's premises any instrumentation equipment for research purposes. Such equipment shall be owned, furnished, installed and maintained by Company.
- 4.2 Company's approvals given pursuant to the Purchase Agreement shall not be construed as any warranty or representation to Customer or any third party regarding the safety, durability, reliability, performance or fitness of Customer's generation and service facilities, its control or protective devices or the design, construction, installation or operation thereof.
- 4.3 Company (including its employees, agents, and representatives) shall have the right to enter Customer's premises at all reasonable times to (a) inspect Customer's QF, protective devices and to read or test instrumentation equipment that Company may install, provided that as reasonably possible, notice is given to Customer prior to entering its premises; (b) maintain Company equipment relative to the purchase of electric energy from Customer; (c) read or test the meters; and (d) disconnect the QF without notice if, in Company's opinion, a hazardous condition exists and such immediate action is necessary to protect persons, or Company's facilities or other customers' or third parties' property and facilities from damage or interference caused by Customer's QF, or improperly operating protective devices.
- 4.4 All suitable easements or rights-of-way (required by Company in order to accommodate inter-connection of Company's system with the QF), which are either on premises owned, leased or otherwise controlled by Customer, or upon other property, shall be furnished in Company's name by Customer without cost to or condemnation by Company and in reasonable time to meet the requirements of the Purchase Agreement. All easements or rights-of-way obtained on behalf of Company shall contain such terms and conditions as are acceptable to Company.



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- 4.5 Company is not obligated to pay for electric energy or capacity from Customer during any periods when such purchases would result in costs greater than those which Company would otherwise incur had Company generated said energy itself or purchased the energy from another source. Company will give reasonable notice to Customer when such periods exist, so that Customer can discontinue deliveries of energy to Company or elect to continue to sell to Company at a rate, lower than the standard purchase rate, estimated to be the avoided system cost for the period during which such situations exist.
- 4.6 Company will not install and maintain any lines or equipment on Customer's side of the Point Of Interconnection except its meter (and possibly some research equipment). For the mutual protection of Customer and Company, only authorized employees of Company are permitted to make and energize the interconnection between Company's system and that of Customer's QF. Such employees carry credentials which they will show to Customer upon request.
- 4.7 The particular rate for purchases applicable to a QF may be dependent on the system configuration of its facilities. Because of the varied and diverse requirements and operating characteristics associated with such facilities, it will be the QF's responsibility to evaluate and determine which system configuration and attendant purchase rate is most appropriate. Company will cooperate with Customer by providing suitable information to enable the Customer to assess the options available; provided, however, that no such information or assistance shall be deemed a representation or warranty by Company with respect to the contents of such information or any particular option available to Customer.
- 4.8 Service billing periods normally consist of approximately 30 days unless designated otherwise under rate schedules or at Company's option.
- 4.9 The interconnection of Company's system with that of Customer will normally be arranged to accept only one type of standard service at one Point Of Interconnection. However, if Customer's QF requires a special type of service (e.g., supplemental, back-up, maintenance or interruptible power in addition to its normal service), or its sales to Company are at a different voltage level than that of its purchases from Company, such service(s) will be provided pursuant to the specific terms outlining such requirements in the Purchase Agreement, applicable rate schedules, and/or other supplemental or special terms and conditions governing such service.
- 4.10 Each premises owned or controlled by Customer which is served by Company under the Purchase Agreement shall be metered and billed separately. As used herein, the term "premises" shall be deemed to mean a single tract of land owned or controlled by Customer, or separate adjacent or contiguous tracts of land owned or controlled by Customer, operated by it as one tract under the same name or as part of the same business, and not separated by any private or public lands or rights-of-way owned or controlled by third parties.
- 4.11 All bills rendered for Company services provided to Customer under the provisions of the Purchase Agreement are due and payable upon presentation and are past due fifteen calendar days after mailing of bill. Company reserves the right to suspend or terminate Customer's service for non-payment of service bills past due, for non-payment of interconnection charges, and for non-payment of meter test charges. Past-due service bill amounts, past-due interconnection charges and past-due meter test charges, are subject to an additional charge at the rate of 1-1/2% per month during the period of delinquency.



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5. SERVICE RENDERED UNDER SPECIAL AGREEMENT

Purchases will be made from Customer's QF in accordance with the Purchase Agreement, these terms and conditions and any changes required by law, regulation, rule, or order of applicable governmental authority, and such applicable rate or rates as may from time to time be authorized by law. However, in the case of QF's, whose requirements are of unusual size or characteristics, additional or special rate and contract arrangements may be required.

6. REGULATORY AUTHORITY

The rates, terms and other contract provisions governing electric power sold to Customer and the rates or other contract provisions for purchases by Company from Customer are subject to the jurisdiction of the Corporation Commission (ACC) and nothing contained herein shall be construed as affecting or limiting in any way the right of Company (a) to make unilateral filings of changed rates, terms and other contract provisions, which shall be effective when filed, or within a specified number of days thereafter as specified therein, such rates or other contract provisions specified in such filing to be subject to modification if required by a final decision of the ACC, or (b) to unilaterally make application to the ACC for changes in such rates or other contract provisions, following a hearing and decision as permitted by law and the ACC's rules and regulations.

7. INDEMNITY AND INSURANCE

Each Party hereby agrees to indemnify the other Party, its officers, agents, and employees against all loss, damages, expenses and liability to third persons for injury to or death of person or injury to or loss of property, proximately caused by the indemnifying Party's construction, ownership, operation, or maintenance of, or by failure of, any of such Party's works or facilities used in connection with the Purchase Agreement. The indemnifying Party shall, on the other Party's request, defend any suit asserting a claim covered by this indemnity. The indemnifying Party shall also pay all costs and expenses that may be incurred by the other Party in enforcing this indemnity.

8. UNCONTROLLABLE FORCES

No Party shall be considered to be in default in the performance of any of its obligations under the Purchase Agreement (other than obligations of said Party to pay sums to be paid by it hereunder, and other costs and expenses) when a failure of performance shall be due to an uncontrollable force. The term "uncontrollable force" shall be any cause beyond the control of the Party affected, including but not restricted to failure of or threat of failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, strikes, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by or inability to obtain the necessary authorizations or approvals from any governmental agency or authority, which by exercise of due diligence such Party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved. Either Party rendered unable to fulfill any of its obligations under this Agreement by reason of an uncontrollable force shall give prompt written notice of such fact to the other Party and shall exercise due diligence to remove such inability with all reasonable dispatch.



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9. NOTICES

Any notice, demand or request required or permitted to be given by either Party to the other and any instrument required or permitted to be tendered or delivered by either Party to the other may be so given by certified or registered mail, addressed to the Party or personally delivered to the Party at the place designated in the applicable section of the Purchase Agreement. Changes in such designation may be made by notice similarly given.

10. CONFLICTS

10.1 In case of an inconsistency or conflict between any provision of the Purchase Agreement, a rate schedule and/or these terms and conditions, the inconsistency shall be resolved by giving priority to the Purchase Agreement, the rate and then the terms and conditions in said respective order.

11. SUCCESSORS AND ASSIGNS

Purchase Agreement shall be binding upon and for the benefit of the successors and assigns of Customer and Company, but no assignment by Customer shall be binding until accepted in writing by Company (which acceptance shall not be unreasonably withheld) and until the assignee in writing assumes the obligations of Customer under the Agreement.



SERVICE SCHEDULE 5 GUIDELINES FOR ELECTRIC CURTAILMENT

1. Company shall have no liability of obligation for claims arising out of the procedures for curtailment or interruption of electric service effected by it in accordance with such guidelines or such supplemental, amendatory or implementary guidelines or regulations as may hereafter be established and as provided by law.
2. Company shall endeavor to identify any electric customer(s) who might be classified as having either essential or critical loads. In the event that any customer of Company is dissatisfied by the classification of Customer by Company, or with the amount of such customer's load (if any) classified by the Company as critical or essential, the Customer may bring the matter to either the Company or the Commission and request a determination in regard thereto. However, until such redetermination is made by the Commission or the Company, customer's original classification for purposes of electric curtailment under this Schedule shall be unaffected.
3. Company shall endeavor to, as circumstances permit and as further discussed in the Company's detailed Electric Load and Curtailment Plan, to notify County emergency personnel, or similar local authorities, of existing or developing situations involving the curtailment or interruption of APS customers pursuant to this Schedule #5.

4. DEFINITIONS

- 4.1 Essential Loads – Loads necessary to serve facilities used to protect the health and safety of the public, such as: hospitals, 911 Centers, national defense installations, sewage facilities and domestic water facilities. Loads necessary to serve 911 Centers, police stations, and fire stations, which do not have independent back-up generation and require APS' electric service for operation of essential emergency equipment.
- 4.2 Critical Loads – That portion of the electric load of nonresidential customers, which in the event of 100 percent curtailment of service, would cause excessive damage to equipment or material being processed, or where such interruption would create grave hazards to employees or the public.
- 4.3 Major Use Customers/Others (With Notice) – Those customers having relatively large loads (over 1000 kW) or a substantial number of employees or other special circumstances that make it appropriate to schedule blackouts or curtailments different from typical customers. Customers who qualify as Major Use/Others (With Notice) can take 100 percent curtailment when sufficient notice is provided. These loads will be interrupted after the required notification period. "Sufficient", "required", and "appropriate" notice is that notice that APS, after consultation with the affected customer, has determined will allow the customer to curtail in a safe and efficient manner. Such notice necessarily varies from customer to customer.
- 4.4 Others (With or Without Notice) – All customers not meeting the above definitions. These customers will be interrupted (with or without notice) if voluntary curtailment measures are not sufficient to alleviate the situation.

5. GUIDELINES TO BE APPLICABLE IN EVENT OF INTERRUPTION OR CURTAILMENT OF ELECTRIC SERVICE BY COMPANY TO ITS CUSTOMERS DUE TO POWER SUPPLY INTERRUPTIONS, FUEL SHORTAGE OR TRANSMISSION EMERGENCY PURSUANT TO CORPORATION COMMISSION RULE R14-2-208, PROVISION OF SERVICE, PARAGRAPH E.

5.1 Operating Procedures Prior to Customer Load Curtailment

5.1.1 The following items shall be pursued concurrently.

ARIZONA PUBLIC SERVICE COMPANY
Phoenix, Arizona
Filed by: David J. Rumolo
Title: Manager, Regulation and Pricing
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SERVICE SCHEDULE 5 GUIDELINES FOR ELECTRIC CURTAILMENT

- 5.1.1.1 Reschedule maintenance of transmission components and generating units, where practical.
- 5.1.1.2 Utilize spinning reserve.
- 5.1.1.3 Discontinue all non-firm wholesale sales during any period of involuntary curtailment or when an involuntary curtailment is anticipated.
- 5.1.1.4 Do not enter into any new wholesale sales during any period of involuntary curtailment or when an involuntary curtailment is anticipated.
- 5.1.1.5 Start all standby units.
- 5.1.1.6 Contact other utilities and/or agencies for emergency assistance.
- 5.1.1.7 Invoke emergency and short-term contractual schedules with other utilities and/or agencies.
- 5.1.1.8 Reduce system voltage, where practical.
- 5.1.1.9 Reduce non-essential Company uses such as flood lighting, sign lighting, display lighting, office lighting, electric cooling and heating, etc., where practical.
- 5.1.1.10 Provide information through the media or other appropriate medians to the public which will contain instructions on how customers can assist Company in case of an emergency power outage.

5.2 Voluntary Customer Load Curtailment

5.2.1 Public Appeal

- 5.2.1.1 An advisory message procedure will be used when Company has advance indications that it will not be able to meet future peak loads. These messages will request voluntary load reduction during specific hours on specific days.
- 5.2.1.2 An emergency bulletin procedure will be used for instant notification to the public in the event there is no advance indication of a power shortage. These bulletins will request the immediate voluntary cooperation of all customers in reducing electric loads.
 - 5.2.1.2.1 These bulletins will request all customers to reduce the use of all electrically operated equipment and devices, where possible.
 - 5.2.1.2.2 Company will have a prepared statement to read which will give current information on the Power Supply Interruption, Fuels Shortage or Transmission Emergency.



SERVICE SCHEDULE 5
GUIDELINES FOR ELECTRIC CURTAILMENT

5.3 Contractually Interruptible Load

5.3.1 Company shall invoke contractual interruption provisions to the extent appropriate.

5.3.2 Company shall interrupt non-firm wholesale customer(s) as appropriate.

5.4 Involuntary Customer Load Curtailment

5.4.1 If the load reduction realized from application of the voluntary curtailment procedures is not sufficient to alleviate the power shortage, Company will reduce voltage if and to the extent practical and in accordance with normal applicable electric utility operation standards.

5.4.2 If further load reduction is required, load will be reduced as follows:

5.4.2.1 Circuits not classified with "Major Use/Others With Notice, Critical or Essential" customers will be interrupted on a rotating basis. The frequency and duration of such interruptions will be dependent upon the magnitude and nature of the power shortage. The frequency and duration of such interruptions shall also consider the circumstances of Major Use Customers.

5.4.2.2 Accurate records will be kept to ensure that these circuits are rotated in an equitable and technically feasible manner.

5.4.2.3 Circuits classified as "Major Use/Others" will be interrupted upon the giving of appropriate notice.

5.4.2.4 Customers on circuits which serve critical loads will be required to curtail the non-critical portion of their loads. Thereafter, circuits which serve critical loads will be identified and will not be interrupted unless an area must be dropped to maintain stability of the electric system. However, loads otherwise classifiable as critical may be curtailed if they possess back-up generation sufficient to meet their entire load requirement. If a customer having a critical load refuses or fails to curtail his electric consumption down to the critical load, he shall thereupon not be considered to have a critical load for purposes of this Schedule.

5.4.2.5 Circuits which serve essential loads will be identified and will not be interrupted unless an area must be dropped to maintain stability of the electric system. However, loads otherwise classifiable as essential may be curtailed if they possess back-up generation sufficient to meet their entire load requirement.

5.5 Sudden Shortages of Power

In the event that time does not allow for the implementation of the Electric Curtailment Guidelines, Company may resort to its emergency operations procedures, with or without notice.



SERVICE SCHEDULE 5
GUIDELINES FOR ELECTRIC CURTAILMENT

5.6 Automatic Load Shedding

In the event that there is a major electrical disturbance threatening the interconnected Southwest system with blackout conditions, emergency devices such as under frequency load shedding, transfer tripping, etc., will be utilized to maintain the optimum system stability.

6. ELECTRIC CURTAILMENT OF FIRM WHOLESALE CUSTOMERS

6.1 The term "firm wholesale customer" shall be defined as those APS customers who purchase, on a firm basis, electricity from the Company for purposes of resale.

6.2 In any given instance where a curtailment of wholesale power deliveries is involved, and subject to any required approvals of the Federal Energy Regulatory Commission or contractual provisions to the contrary, Company shall notify its firm wholesale customers, requesting that they curtail electric service to their retail customers during the period that Company's system is affected by power shortages. In the event that Company is unable to obtain the cooperation of a firm wholesale customer, it may seek an order from appropriate governmental authority requiring the firm wholesale customer to accept a reduction of electricity deliveries proportionate to the curtailment being effected on Company's system.

7. ELECTRIC LOAD AND CURTAILMENT PLAN

A detailed electric load and curtailment plan shall be kept on file with the Arizona Corporation Commission. This plan shall contain specific procedures for implementation of the above, along with the name(s) and telephone number(s) of the appropriate Company personnel to contact in the event implementation of the plan becomes necessary. This plan shall be updated at least annually, and it or amendments thereto shall become effective upon submission to the Arizona Corporation Commission.

7.1 Company shall contact the Director, Utilities Division, or their designee, as soon as practical for any curtailment pursuant to this Schedule #5.



RATE SCHEDULE E-34
EXTRA LARGE GENERAL SERVICE

AVAILABILITY

This rate schedule is available in all territory served by the Company at all points where facilities of adequate capacity and the required phase and suitable voltage are adjacent to the sites served.

APPLICATION

This rate schedule is applicable to all Standard Offer and Direct Access customers whose monthly maximum demand registers 3,000 kW or more for three (3) consecutive months in any continuous twelve (12) month period ending with the current month. Service must be supplied at one point of delivery and measured through one meter unless otherwise specified by an individual customer contract.

This schedule is not applicable to breakdown, standby, supplemental, residential or resale service.

TYPE OF SERVICE

The type of service provided under this schedule will be three phase, 60 Hertz, at the Company's standard voltages that are available within the vicinity of the customer site.

Service under this schedule is generally provided at secondary voltage, primary voltage when the customer owns the distribution transformer(s), or transmission voltage.

RATES

The bill shall be computed at the following rates or the minimum rates, whichever is greater, plus any adjustments incorporated in this rate schedule:

Bundled Standard Offer Service

Basic Service Charge:

For service through Self-Contained Meters	\$ 0.575	per day, or
For service through Instrument-Rated Meters:	\$ 1.134	per day, or
For service at Primary Voltage:	\$ 2.926	per day, or
For service at Transmission Voltage:	\$ 22.422	per day

Demand Charge:

Secondary Service:	\$ 12.343	per kW, or
Primary Service:	\$ 11.683	per kW, or
Transmission Service:	\$ 8.043	per kW

The Demand Charge for military base customers taking primary service and served directly from a Company substation shall be reduced to \$8.943 per kW.

Energy Charge:	\$ 0.03183	per kWh
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RATE SCHEDULE E-34
EXTRA LARGE GENERAL SERVICE

RATES (cont)

Bundled Standard Offer Service consists of the following Unbundled Components:

Unbundled Components:

Basic Service Charge:	\$ 0.108	per day
Revenue Cycle Service Charges:		
Metering:		
Self-Contained Meters:	\$ 0.345	per day, or
Instrument-Rated Meters:	\$ 0.904	per day, or
Primary:	\$ 2.696	per day, or
Transmission:	\$ 22.192	per day
Meter Reading:	\$ 0.058	per day
Billing:	\$ 0.064	per day
System Benefits Charge:	\$ 0.00213	per kWh
Transmission Charge:	\$ 0.00476	per kWh
Delivery Charge:		
Secondary Service:	\$ 4.603	per kW
Primary Service:	\$ 3.943	per kW
Transmission Service:	\$ 0.303	per kW

The Delivery Charge for military base customers taking primary service and served directly from a Company substation shall be reduced to \$1.203 per kW.

Generation Charge:	\$ 7.740	per kW, plus
	\$ 0.02494	per kWh

Direct Access

The bill for Direct Access customers will consist of the applicable Unbundled Components Basic Service Charge, the System Benefits Charge, and the Delivery Charge, plus any applicable adjustments incorporated in this schedule. Direct Access customers must acquire and pay for generation, transmission, and revenue cycle services from a competitive third party supplier. If any revenue cycle services are not available from a third party supplier and must be obtained from the Company, the applicable Unbundled Components Revenue Cycle Service Charges will be applied to the customer's bill.

MINIMUM

The bill for service under this rate schedule shall not be less than the applicable Bundled Standard Offer Service Basic Service Charge plus the applicable Bundled Standard Offer Service Demand Charge for each kW as determined below.



RATE SCHEDULE E-34
EXTRA LARGE GENERAL SERVICE

DETERMINATION OF KW

For billing purposes, the kW used in this rate schedule shall be the greater of the following:

1. The average kW supplied during the 15-minute period (or other period as specified by an individual customer contract) of maximum use during the month, as determined from readings of the Company's meter.
2. 80% of the highest kW measured during the six (6) summer billing months (May-October) of the twelve (12) months ending with the current month.
3. The minimum kW specified in the agreement for service or individual contract.

ADJUSTMENTS

1. The Environmental Portfolio Surcharge shall be applied to every retail electric service as set forth in the Company's Rate Schedule EPS-1.
2. The bill is subject to the Power Supply Adjustment factor as set forth in the Company's Rate Schedule PSA-1 pursuant to Arizona Corporation Commission Decision No. 67744.
3. The bill is subject to the Transmission Cost Adjustment factor as set forth in the Company's Rate Schedule TCA-1 pursuant to Arizona Corporation Commission Decision No. 67744.
4. The bill is subject to the Competition Rules Compliance Charge as set forth in the Company's Rate Schedule CRCC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
5. Direct Access customers returning to Standard Offer service may be subject to a Returning Customer Direct Access Charge as set forth in the Company's Rate Schedule RCDAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
6. The bill is subject to the Demand Side Management Adjustment charge as set forth in the Company's Rate Schedule DSMAC-1 pursuant to Arizona Corporation Commission Decision No. 67744.
7. The bill is subject to the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of APS and/or the price or revenue from the electric energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

CONTRACT PERIOD

The contract period for customers served under this rate schedule will be three (3) years, at the Company's option. If the Company determines that the customer service location is such that unusual or substantial distribution construction is required to serve the site, the Company may require a contract of ten (10) years or longer with a standard seven (7) year termination provision.



**RATE SCHEDULE E-34
EXTRA LARGE GENERAL SERVICE**

TERMS AND CONDITIONS

Service under this rate schedule is subject to the Company's Schedule 1, Terms and Conditions for Standard Offer and Direct Access Services and the Company's Schedule 10, Terms and Conditions for Direct Access. These schedules have provisions that may affect the customer's bill. In addition, service may be subject to special terms and conditions as provided for in a customer contract or service agreement.



**SPECIAL CONTRACT
RATE FOR LUKE
AIR FORCE BASE**

This Special Contact Rate for Luke Air Force Base ("Contract Rate") is applicable to Luke Air Force Base under the Terms and Conditions specified in the Commercial Electric Supply/Purchase Agreement between APS ("Company") and Luke Air Force Base ("Customer"). The contract rate is applicable to Customer-owned photovoltaic generation equipment with a nameplate continuous rating not to exceed 1,000 kW.

RATES

The bill shall be the sum of the amounts computed under A, B, and C below, including any applicable adjustments:

- A. Basic Service: The Basic Service and Revenue Cycle Service Charges included in the Customer's applicable General Service rate schedule will continue to apply
- B. Supplemental Service: Supplemental service will be provided in accordance with the rate levels contained in the Customer's applicable General Service rate schedule, excluding the monthly Basic Service and Revenue Cycle Service Charges.
- C. Standby Service: The monthly charge for standby service shall be calculated as follows:

The unbundled delivery charge contained in the Customer's applicable General Service rate schedule is multiplied by the 15 minute integrated kW measured on the Generator Meter during the Customer's monthly peak demand.

METERING

In addition to the Company-provided meters at the point of delivery (Supply Meter), the Company will install, at the Customer's expense, meters at the points of output from each of the Customer's generators (Generator Meter). The Company installed meters will record integrated demand and energy on the same 15- minute interval basis as specified by the Company.

DETERMINATION OF SUPPLEMENTAL SERVICE

Supplemental service shall be defined as demand and energy contracted by Customer to augment the power and energy generated by Customer's generation facility.

- A. Supplemental Demand:

Supplemental demand shall be the highest 15-minute integrated kW demand as recorded on the Supply Meter during the billing period.

- B. Supplemental Energy:

Supplemental energy shall be equal to all energy supplied to Customer as determined from readings of the Supply Meter.

DETERMINATION OF CONTRACT STANDBY CAPACITY

For each specific Customer generating unit for which the Company is providing Standby Service, monthly Contract Standby Capacity shall be the simultaneous 15 minute integrated kW demand as recorded on the Generator Meter(s) at the time the Customer's Supply Meter registers the highest 15 minute integrated kW demand during the billing period.



**SPECIAL CONTRACT
RATE FOR LUKE
AIR FORCE BASE**

TERMINATION PROVISION

Should Customer cease to operate his generation unit(s) for 60 consecutive days during periods other than planned scheduled maintenance periods, Company reserves the option to terminate the Commercial Electric Supply/Purchase Agreement for service under this Contract Rate with Customer.

CONTRACT PERIOD

As provided in the Commercial Electric Supply/Purchase Agreement between Company and Customer.

TERMS AND CONDITIONS

Customer must enter into an Agreement for the Interconnection of Customer's Generation Facility to the APS Distribution System with the Company and an Electric Supply/Purchase Agreement which shall establish all pertinent details related to interconnection and other required service standards. Customer will not have the option to sell power and energy to Company under this schedule. Should Customer desire to do so, Customer would be required to enter into a new Electric Supply/Purchase Agreement which would set forth the applicable purchase rate in addition to terms and conditions for interconnection and for the sale of power to the Company.

Customer will be required to contract for adequate standby power to cover the total output of all the Customer's generators unless adequate facilities have been installed, to the satisfaction of APS, that isolate portions of the Customer's load from APS' system so that APS will in no event be providing standby service in excess of Contracted Standby Capacity.